



March 5th, 2024

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Announcement of Release of Video and Transcript of Financial Results Briefing for the Fiscal Year Ending December 2023

RS Technologies has released the following archived video and transcript of its fiscal year ending December 2023 financial results briefing held on February 27, 2024. At this briefing session, our company Representative Director and President Nagayoshi Ho explained the financial results summary for the fiscal year ending December 2023, the business forecast for the fiscal year ending December 2024, and the medium-term management plan.

1. Account Summary of the meeting

Day and Time :

February 27, 2024

Speaker :

Nagayoshi Ho, President and Chief Executive Officer

Satoru Endo, Director

Susumu Saito, Corporate Officer

2. Source

Archived Video :

https://www.irmovie.jp/nir2/?conts=rs-tec_202402_bW2e

Financial Results(English) :

<https://contents.xj-storage.jp/xcontents/AS02916/f053a8d2/a8d9/4b7b/92e3/bee3912a8d8b/140120240216538951.pdf>

Delayed FY2023/12

Financial Results



RS Technologies, Inc.

February 13, 2024

Prime Market 3445

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Good morning, I am Satoru Endo.
Thank you for attending our financial results briefing today.
I would like to begin my presentation now.

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Now, I would like to proceed my presentation based on the content of the Financial Results; Company Profile, Financial Summary and Medium-Term Management Plan and New Business.

At the end of my presentation, there are some reference data, which I would like you to review when you have time.



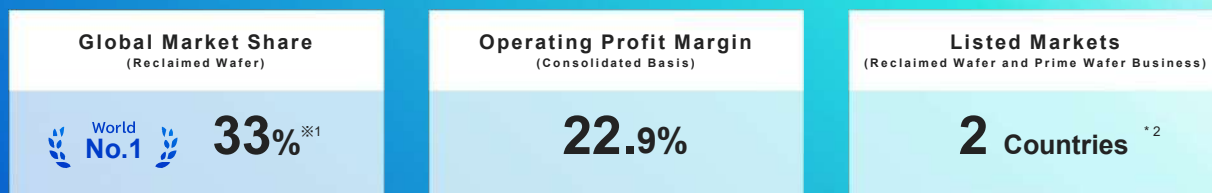
Company Profile

01

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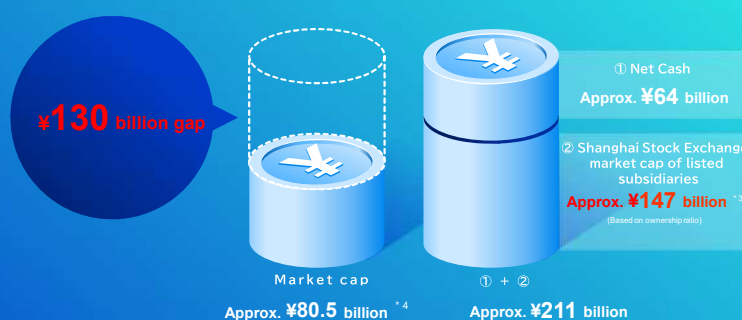
Now, let me start with an overview of our company.

RS Technologies (RST) understood by the numbers;



Corporate Valuation

While holding a plenty of assets,
a significant divergence from
market valuations exists



*1 Estimated by our company based on SEMI data

*2 Listed on the Tokyo Stock Exchange Prime Market and Shanghai Stock Exchange Departments

*3 Amount equivalent to our company's holdings (40%) of the average market capitalization of approximately 368 billion yen for the fiscal year ended December 2023

*4 Average market capitalization for the fiscal year ended December 2023

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This page is an introduction to RS Technologies in numbers. We show three outstanding numbers which help you understand who RS Technologies is.

The first number is 33%. This number shows RS Technologies' global market share of the reclaimed wafer business. We are recognized as top market share in the industry.

The second number is 22.9%. The number shows the operating income margin on a consolidated financial results 2023.

The operating income margin of the reclaimed wafer business exceeds 40%, and we are building a foundation for a highly profitable structure even on a consolidated financial results.

The third number is 2 countries. This indicates that RS Technologies is listed on the Tokyo Stock Exchange Prime Market and our subsidiary, Gritek, is listed on the Shanghai Stock Exchange STAR market in China. It is very rare for a Japanese listed company to have a subsidiary listed on the Shanghai market, and we believe that this track record will help us gain trust both domestically and internationally.

And now, let me talk about the corporate valuation. Our market capitalization averaged about 80.5 billion yen in FY2023. In addition to the approximately 64 billion yen in net cash, we hold approximately 147.2 billion yen in shares of Gritek for a total of 211.2 billion yen. This indicates that there are about 130 billion yen gap in valuation. In order to fill this gap, we will strive to expand awareness of our company and to promote investors' understanding of our business through our business activities and investor relations.

Company Profile



- **Top company** in the reclaimed wafer business with a global market share of 33% ^{*1}
- Entered the prime wafer business through a joint venture with a Chinese central company ^{*2}
- Expand business into areas where business synergies can be expected through M & A

| | | | | | |
|---------------------------------|---|--|---|-------------------------|-------------------------------------|
| Company name | RS Technologies, Co.,Ltd. | Major Consolidated subsidiaries | Registered Capital | RMB 1 billion | |
| Establishment | December 10, 2010 | | GRINM Semiconductor Material Co., Ltd. GRITEK (Beijing) | Investment ratio | 40.09% ^{*3} |
| Management Philosophy | "Respect the global environment, earn the trust of people, be creative and challenge ourselves" | | | Listed | Shanghai Stock Exchange STAR market |
| Business Profile | <ul style="list-style-type: none"> • Reclaiming silicon wafers • Manufacturing and sales of prime silicon wafers • Manufacturing and sales of consumable materials for semiconductor manufacturing equipment • Sales of scanning acoustic tomograph (SAT) • Sales of electronic components | | RSTEC Semiconductor Taiwan Co., Ltd. (Taiwan) | Capital | NT \$300 million |
| Head office | NT Building 1-47-1 Ohi, Shinagawa-ku, Tokyo, JAPAN | | | Investment ratio | 100% |
| Manufacturing Facilities | Miyagi, Ibaraki, Taiwan (Tainan), China (Dezhou) | | DG Technologies Co., Ltd. (Japan) | Capital | 100 million yen |
| Capital | 5,643 million yen (as of the end of December 2023) | | | Investment ratio | 100% |
| President and CEO | Nagayoshi Ho | | Union Electronics Solutions Co., Ltd. (Japan) | Capital | 27 million yen |
| | | | | Investment ratio | 100% |

^{*1} Estimated by our company based on SEMI data

^{*2} State-owned enterprises subject to management and supervision by the central government

^{*3} As of the end of December 2023

From now, I will talk about what we do.

RS Technologies (RST) were established in December 2010 and started our reclaimed wafer business in Osaki City, Miyagi Prefecture, Japan.

In January 2018, RST also entered the prime wafer business as a joint venture with a state-owned Chinese research institute.

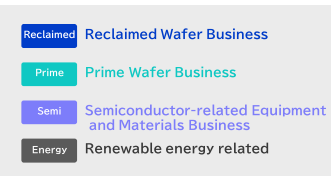
As of now, RST has five major consolidated subsidiaries and has expanded its business mainly in peripheral areas where synergies can be expected through M&A.

History



- Since its establishment, RST has firmly established itself as the world's leading company in the reclaimed wafer business. In 2018, RST became a comprehensive wafer manufacturer by making a major Chinese prime wafer manufacturer a consolidated subsidiary.

| | | | |
|------|------|--|-----------|
| 2010 | Dec. | RS Technologies Co., Ltd. was established with the main business of reclaimed wafer. | Reclaimed |
| 2014 | Feb. | Established RSTEC Semiconductor Taiwan Co., Ltd. (consolidated subsidiary) in Taiwan | Reclaimed |
| 2015 | Mar. | Listed on Tokyo Stock Exchange "Mothers Market" | |
| 2016 | Sep. | RST transferred to "the First Section" of the Tokyo Stock Exchange | |
| 2018 | Jan. | Chinese prime wafer manufacturer, GRINM Semiconductor Material Co., Ltd. (GRITEK) became a consolidated subsidiary of RST | Prime |
| 2018 | May | Acquired 100% shares of Union Electronics Solution Co., Ltd. | Semi |
| 2018 | Aug. | Established Shandong GRIMN Semiconductor Materials Co., Ltd. (Shandong GRITEK), A consolidated subsidiary of GRITEK. | Prime |
| 2019 | Jan. | Acquired 100% shares of DG Technologies Co., Ltd. | Semi |
| 2020 | Feb. | Established Shanghai Union Semiconductor Co., Ltd. (Shanghai Union) | Semi |
| 2022 | Apr. | Transferred from the First Section of the Tokyo Stock Exchange to the "Prime Market" Establishment of Nomination and Compensation Committee | |
| 2022 | Nov. | GRITEK listed on Shanghai Stock Exchange (STAR market) | Prime |
| 2023 | Dec. | Established LE System Co., Ltd, manufacturer of electrolyte for vanadium redox flow batteries (VRFB) | Energy |



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Here is our company history.

After five years from the establishment of our company, we were listed on the Tokyo Stock Exchange Mothers in March 2015 and in September 2016, we changed the market to the first section of the Tokyo Stock Exchange.

In November 2022, our consolidated subsidiary, Gritek, which conducts prime wafer business in China, was listed on the Shanghai Stock Exchange, START market.

In December 2023, we succeeded the electrolyte manufacturing business for vanadium redox flow batteries (VRFB) and entered the renewable energy business.

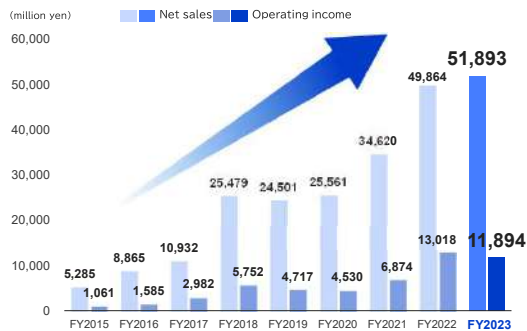
We will continue to expand our business globally, focusing on our M&A strategy.

Current RS Technologies



- RST became comprehensive wafer manufacturers with the Reclaimed Wafer Business and Prime Wafer Business
- Expansion of business areas as Semiconductor-related equipment and materials Business
- No1 in global market share in reclaimed wafer business, and development of prime wafer business mainly in China

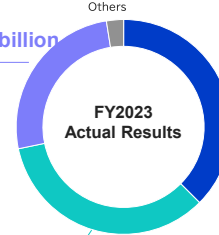
Consolidated net sales and operating income



Net sales by segment

Semiconductor-related equipment materials Business

Abt. **¥14.1 billion**
Abt. 26%



Reclaimed Wafer Business

Abt. **¥20.5 billion**
Abt. 38%

Prime wafer Business

Abt. **¥18.7 billion**
Abt. 35%

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Please take a look at the bar chart in the left side of the slide. Consolidated net sales for the fiscal year increased 4.1% year on year to about ¥51,8 billion. We were able to achieve solid growth in FY2023.

Meanwhile, the pie chart on the right side of the slide shows the current business structure of RS Technologies.

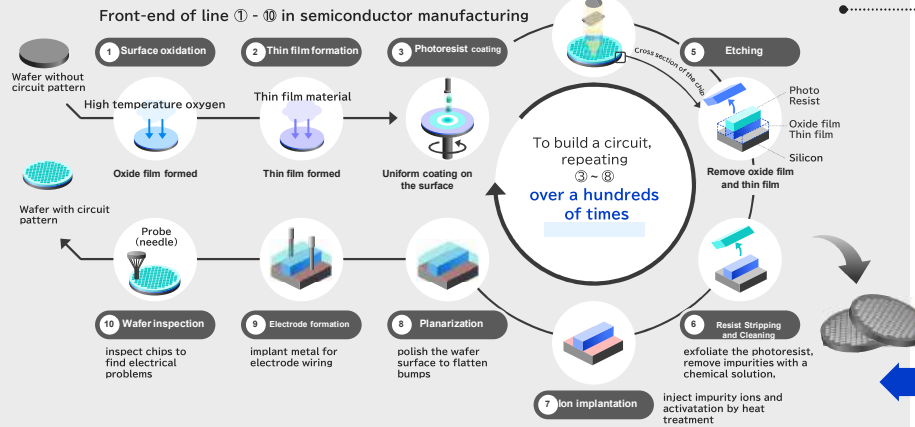
The consolidated sales structure accounts for approximately 38% in the reclaimed wafer business, about 35% in the prime wafer business, and about 26% in the semiconductor equipment and materials business.

Business Profile (1/5 What Reclaimed Wafers is)



- Reclaimed wafers are wafers that have been reclaimed from test wafers used in the process of semiconductor manufacturing.
- Reclaimed wafers are used repeatedly by our customer. With our technology, RST can reclaim test wafers more than 10 times, helping to **reduce costs** for our customers, semiconductor manufacturers and **executing eco-friendly business model**.

Semiconductor Manufacturers



RS Technologies (RST)

Used in almost all processes

- Monitor Wafer
 - (application: process and processing accuracy evaluation)
- Dummy Wafer
 - (application: precision processing stability improvement)

RST **reclaims** the used test wafers for and returns to semiconductor manufacturers

Wafer Reclamation

Wafer reclamation is essential for manufacturing semiconductors

collecting used test wafers

Shipment

Now, let me briefly explain the reclaimed wafer business, which is our core business. RST receives a test wafers used in semiconductor manufacturing process and RS stripped off the films of the surface of wafer returned from our customers and reclaim the wafer as a new test wafer so that the customer can re-use repeatedly.

Test wafers are used in almost all processes, such as evaluating process and accuracy of semiconductor equipment, and improving the stability of precision machining. Therefore, test wafers are indispensable for semiconductor manufacturing.

Another aspect is that reclaimed wafers contributes to reducing environmental impact and costs for semiconductor manufacturers.

Compared to other companies, our company's proprietary reclaimed technology can reclaim the wafers in larger numbers, which is one of our company's competitive advantages.

- Achieve continued growth as a global supplier in the reclaimed wafer industry

Market Characteristics

Continued growth in the semiconductor industry

The global semiconductor market size was 2023 to 2030 and grew at a CAGR of about 10% in 2030. It is projected to reach **US \$1 trillion** *1

*1 Source: "Semiconductor Market Forecast" by SEMI Japan



Resilient to economic fluctuations

- Used by various applications such as the start-up of semiconductor manufacturing equipment
- When customers become more cost-conscious during a recession, the amount of Reclaimed wafers' input increases
⇒ **Less susceptible to the silicon cycle**

The reclaimed wafer business is expected to grow more in the future

Results

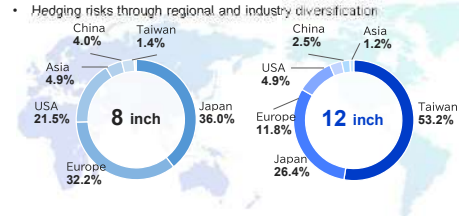
Performance Trends (Reclaimed Wafer Business)

- Achieve significant growth by expanding production capacity and increasing the manufacturing sites



Shipping Countries

- Securing a wide range of countries including Japan, Taiwan, Europe and North America
- Hedging risks through regional and industry diversification



Now, let me touch on the reclaimed wafer market.

The semiconductor market is expected to grow at an annual average of about 10% and reach US \$1 trillion by 2030.

We believe that the reclaimed wafer business is expected to continue growing as well. In fact, the average annual growth rate of our company's reclaimed wafer business since 2013 has been 18.3%.

One of the characteristics of the reclaimed wafer market is that it is a stable business that is not fully affected by economic conditions.

During a recession, the number of reclaimed wafers that are cheaper than new test wafers increases, which is a boon for our company.

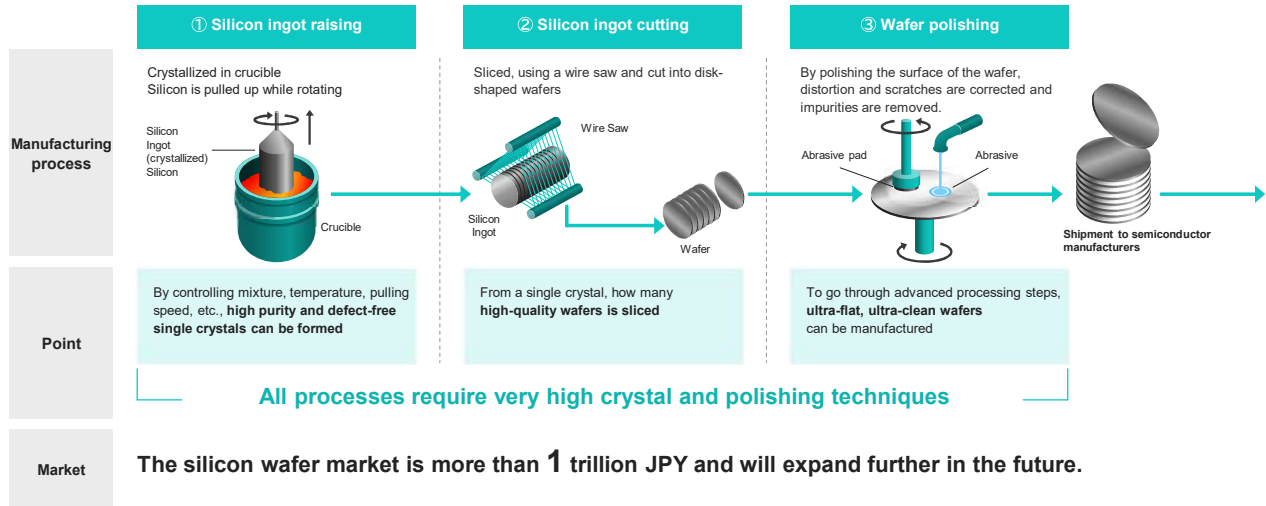
In addition, even during a recession, and demand for test wafers will not disappear as long as the production line will not stop operating .

When new semiconductor manufacturing sites are built, test wafers are frequently used as equipment start-up testing. As a result, demand for reclaimed wafers also increases, which is a positive factor for our company.

Business Profile (3/5 Prime Wafer)



- A prime wafer is a silicon wafer that is a substrate material for semiconductors and used for semiconductor chips.
- Made from 99.99999999% silicon, it has the highest flatness of any material currently on Earth.



Next, I will explain the prime wafer business.

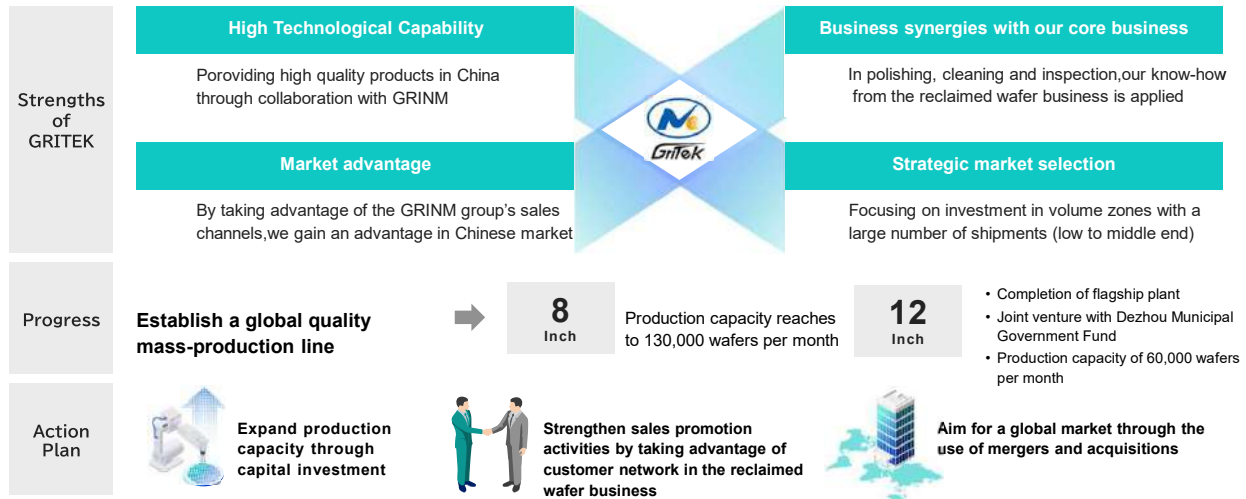
Prime wafer is a silicon wafer that eventually becomes a substrate material for semiconductors.

It uses extremely high purity silicon and has the highest flatness of any material that exists on Earth today. Therefore, it requires extremely high technological capabilities.

Business (4/5 Prime Wafer Business in RST)



- In 2018, the company entered the industry through a joint venture with China's largest state-owned research institute in the field of nonferrous metals, GRINM as a consolidated subsidiary, GRINM Semiconductor Material Co., Ltd.(GRITEK) *1.
- Construction of a flagship plant for prime wafers in Shandong Province, China



*1) Current: Aiken Semiconductor Silicone Materials Co., Ltd.

Our company's manufacturing plant is located in Dezhou, Shandong Province, China. In 2018, we established Gritek, a subsidiary through a joint venture with GRINM, a state-owned research institute in China.

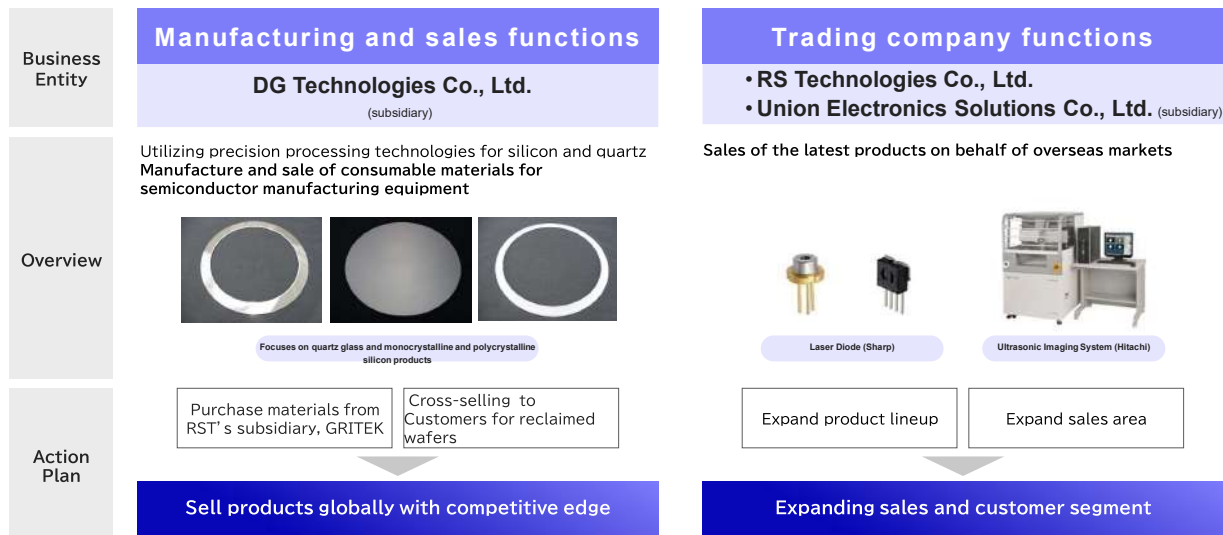
As I mentioned earlier, the production of prime wafers requires a very high level of technical capability, so we took the technological capabilities and financial resources of the GRINM Group into consideration in order to manufacture high quality prime wafer.

Shandong Gritek is mass-producing 8-inch wafers mainly for power semiconductors. In 2020, we established SGRS as a joint venture with the Dezhou Municipal Government Fund to launch a mass-production and development line for 12 inch prime wafers.

We will continue to execute growth CAPEX and aim to increase market share by leveraging our sales network in the reclaimed wafer business.



- Manufacture of silicon and quartz consumables for semiconductor manufacturing equipment and sales of scanning acoustic tomograph (SAT), laser diode and electronic components



Next, I will explain the semiconductor related equipment and materials business.

This business has two functions.

One is the manufacturing and sales function. One of our subsidiaries, DG Technologies Co., Ltd., manufactures and sells silicon and quartz parts that are consumable parts for semiconductor manufacturing equipment.

DG Technologies has two plants in Kurihara City, Miyagi Prefecture, and in Kamisu City, Ibaraki Prefecture.

The second is the trading function.

RS Technologies sells scanning acoustic tomography (SAT) made by Hitachi and laser diodes made by SHARP for instance. Its subsidiary, Union Electronics Solutions Inc sell electric device made by Hitachi, Renesas, NIDEC etc.

In addition to these, we also participate in a bulk purchase bidding event, for example, buying used semiconductor equipment due to line replacement at a semiconductor plant.



Summary of Financial Results for FY2023



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Next, I will explain the summary of financial results for the fiscal year ending December 2023.

Summary of Financial Results for FY2023



- Despite the negative impact of the overall semiconductor market, net sales, ordinary income, and net income attributable to owners of the parent increased and increased compared with the plan (million yen)

| | FY 2022 | FY 2023 Plan | FY 2023 | YoY | Compared to FY2023 Plan |
|---|---------|--------------|---------------|--------|-------------------------|
| Net Sales | 49,864 | 50,800 | 51,893 | +4.1% | +2.2% |
| Operating Income | 13,018 | 13,100 | 11,894 | △8.6% | △9.2% |
| Operating Margin | 26.1% | 25.8% | 22.9% | △3.2pt | △2.9pt |
| Ordinary Income | 15,500 | 14,300 | 14,921 | △3.7% | +4.3% |
| Ordinary Margin | 31.0% | 28.2% | 28.8% | △2.2pt | +0.6pt |
| Net income attributable to owners of parent | 7,739 | 7,400 | 7,703 | △0.5% | +4.1% |
| EPS (JPY) | 299.29 | 286.18 | 292.76 | △2.2% | +2.3% |

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Here is the summary of financial results for FY2023.

Net sales ended with 51,893 million yen and operating income reached 11,894 million yen, and ordinary income 14,921 million yen.

Net income attributable to the parent company became 7,703 million yen.

Although there was a negative impact on the overall semiconductor market in 2023, sales, ordinary income, and net income attributable to owners of parent were higher than what we have targeted.

FY 2023 (cumulative) Segment Trends



- Net sales and profit increased year-on-year in the reclaimed wafer business due to customer diversification, portfolio management and increased production through capital investment.
- Net sales decreased year-on-year in the prime wafer business due to deterioration in overall semiconductor market.
- Sales remained strong in the semiconductor equipment and materials business due to enhanced sales capabilities and incorporation of new markets.

(millions of yen)

| | Reclaimed Wafer Business | | Prime Wafer Marketing Business | | Semiconductor-related Equipment Materials Business | | Other Adjustments | | Total Consolidated | |
|------------------|--------------------------|--------|--------------------------------|--------|--|--------|-------------------|-----|--------------------|---------------|
| | | YoY | | YoY | | YoY | | YoY | | YoY |
| Net Sales | 20,499 | +13.9% | 18,736 | △17.7% | 14,057 | +24.8% | △1,399 | - | 51,893 | 4.1% |
| Operating Income | 8,114 | +11.0% | 3,742 | △37.6% | 882 | △3.5% | △844 | - | 11,894 | △8.6% |
| Operating Margin | 39.6% | △1.0pt | 20.0% | △6.3pt | 6.3% | △1.8pt | - | - | 22.9% | △3.2pt |

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This graph shows results for each segment in FY 2023.

In the reclaimed wafer business, net sales increased 13.9% year on year and operating income increased 11% due to capital investment as planned and efforts to increase production capacity.

In the prime wafer business, net sales decreased year on year due to adverse market conditions.

In the semiconductor related equipment and materials business, net sales remained strong due to enhanced sales capabilities and the incorporation of new markets.

Financial Results for the Fourth Quarter of FY 2023 (October - December)



•In the fourth quarter, the overall performance was weak due to the deterioration of the semiconductor market.

(million yen)

| | FY 2022 4Q | FY 2023 4Q | Year-on-Year | Difference |
|---|---------------|---------------|--------------|------------|
| Net Sales | 12,231 | 12,423 | +1.6% | +192 |
| Operating Income | 3,239 | 2,317 | △28.5% | △922 |
| Operating Margin | 26.4% | 18.7% | | △7.7pt |
| Ordinary Income | 3,230 | 2,904 | △10.1% | △326 |
| Ordinary Margin | 26.4% | 23.4% | | △3.0pt |
| Net income attributable to owners of parent | 1,949 | 1,737 | △10.9% | △212 |
| EPS (JPY) | ¥75.38 | ¥65.94 | △12.4% | △9.36 yen |

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This is the summary of the financial results for the fourth quarter.
 Net sales increased slightly year-on-year to 12,423 million yen.
 I will explain the breakdown by segment on the next page.

Fourth Quarter (October - December) FY2023 Segment Trends



- Net sales and profit increased year-on-year in the Reclaimed Wafer Business due to increasing customer awareness of cost reduction and increased production resulting from capital investment
- Net sales decreased year-on-year in the Prime Wafer Business due to adverse market conditions
- Net sales in the Semiconductor-related equipment & materials Business remained strong due to enhanced sales capabilities and entering into new markets

(million yen)

| | Reclaimed Wafer Business | | Prime Wafer Marketing Business | | Semiconductor Equipment Materials Business | | Other adjustments | | Consolidated total | |
|-------------------------|--------------------------|--------|--------------------------------|---------|--|--------|-------------------|-----|--------------------|---------------|
| | | YoY | | YoY | | YoY | | YoY | | YoY |
| Sales | 5,454 | +8.9% | 3,515 | △29.7% | 3,804 | +33.8% | △350 | - | 12,423 | +1.6% |
| Operating Income | 2,141 | +2.9% | 321 | △73.0% | 45 | △83.4% | △189 | - | 2,318 | △28.4% |
| Operating Margin | 39.3% | △2.2pt | 9.1% | △14.7pt | 1.2% | △8.3pt | - | - | 18.7% | △7.7pt |

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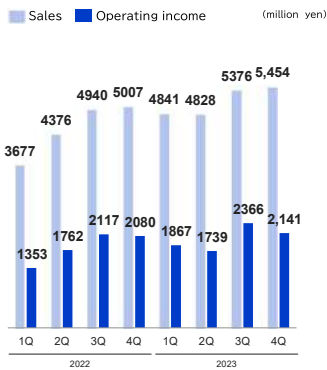
Now, this page shows results by each business segment for fourth quarter. Sales of reclaimed wafers were strong at 5,454 million yen. Sales of prime wafers decreased to 3,515 million yen due to adverse market conditions. Sales of semiconductor-related equipment and materials business increased to 3,804 million yen and strengthening sales capacity led to the increase of the sales.

Quarterly Results for the FY2023

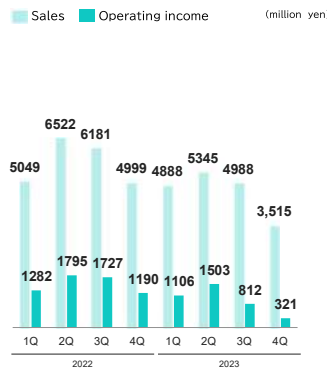


- Net sales and operating profit increased year-on-year in the Reclaimed Wafer Business due to increased customer awareness of cost reduction and increased production resulting from capital investment
- Net sales decreased year-on-year in the Prime Wafer Business due to adverse market conditions
- Net sales remained strong in the Semiconductor equipment and materials Business due to enhanced sales capabilities and entering into new markets

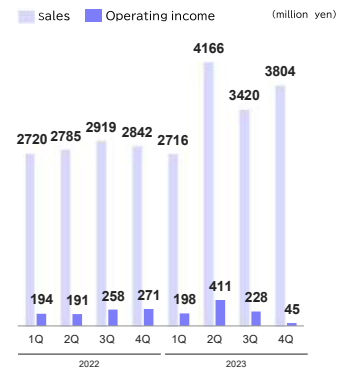
Reclaimed Wafer Business



Prime Wafer Business



Semiconductor-related equipment and materials business



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Here is quarterly performance chart by business segment for the previous and current periods.

The reclaimed wafer business continued to perform well due to capital investment and increased demand for reclaimed wafers. As a result, we maintained a high operating margin.

In the prime wafer business, sales and profits decreased year-on-year. In the second and third quarters of the previous year, sales increased due to the special demand for ingots.

Meanwhile, the demand, orders remained stable due to the balance of inventory adjustments by customers. The number of prime wafer shipments remained steady.

In the semiconductor related equipment and materials business, sales increased mainly due to the development of new customers for Sharp laser diodes.

Balance Sheet and Cash Flow Statement



•Net assets increased 14 billion yen from the end of the previous fiscal year to 115.4 billion yen (101.4 billion yen in the previous fiscal year).

Consolidated Balance Sheets

(million yen)

| | FY 2022 | FY 2023 |
|---|----------------|----------------|
| Current Assets | 90,470 | 96,409 |
| Cash and Deposits | 67,939 | 70,758 |
| Notes and accounts receivable-trade | 11,651 | 12,673 |
| Merchandise and finished goods | 3,833 | 6,507 |
| Fixed assets | 37,084 | 44,256 |
| tangible fixed assets | 31,285 | 35,326 |
| intangible fixed assets | 270 | 266 |
| Investments and other assets | 5,529 | 8,663 |
| Total assets | 127,554 | 140,666 |
| Current liabilities | 17,622 | 18,265 |
| Notes and accounts payable | 6,466 | 5,174 |
| Short-term debt | 4,694 | 3,355 |
| non-current debt | 8,458 | 6,973 |
| Long-term debt | 3,514 | 2,092 |
| Total liabilities | 26,081 | 25,238 |
| Net assets | 101,473 | 115,428 |
| Total liabilities and net assets | 127,554 | 140,666 |

Cash Flow Statement

(million yen)

| | Year Ended December 2022 | Year Ended December 2023 |
|--|--------------------------|--------------------------|
| Cash flows from operating activities | 15,316 | 13,857 |
| Cash flows from investment activities | △1,729 | △8,961 |
| Cash flows from financing activities | 32,928 | △4,801 |
| Effect of Exchange Rate Changes on cash and cash equivalents | △1,412 | 2,805 |
| Change in cash cash equivalents | 45,103 | 2,900 |
| Cash and cash Equivalents at Beginning of Fiscal Year | 21,641 | 66,744 |
| Cash and Cash Equivalents at End of Fiscal Year | 66,744 | 69,644 |

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The next is about balance sheet and cash flows.

Net assets increased by 14 billion yen from 101.4 billion yen to 115.4 billion yen.



Medium-Term Management Plan



03

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Now, let me explain our medium-term management plan.

Overview of the Medium-Term Management Plan (2024-2026) (Base Plan)



- While a strong sense of stagnation in the semiconductor market will be still remained in the first half of 2024, sales are expected to exceed 2023 as the recovery trend is expected from the second half of the year.
- In the reclaimed wafer business, capital investments at 3 sites in Japan, Taiwan, and China to increase production capacity will be carried out.
- In the prime wafer business, capital investments to increase our market share at 8 inches and 12 inches in China will be executed.
- In the semiconductor equipment and materials business, entering into new markets and acquiring new customers.

Base Plan *1

*1: Medium-term management plan for three existing businesses (Reclaimed Wafer Business, Prime Wafer Business, and Semiconductor Equipment and Materials Business)

| (Million Yen) | FY2023 (Actual) | FY2024 | FY2025 | FY 2026 |
|--------------------|--------------------|--------|--------|---------|
| Net Sales | 51,893 | 54,900 | 59,300 | 64,100 |
| <i>growth rate</i> | | 106% | 108% | 108% |
| Operating Income | 11,894 | 14,000 | 15,330 | 16,830 |
| % | 22.9% | 25.5% | 25.9% | 26.3% |
| Ordinary Income | 14,921 | 15,400 | 16,730 | 18,230 |
| % | 28.8% | 28.1% | 28.2% | 28.4% |
| Net Income | 7,703 | 7,600 | 8,200 | 8,800 |

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This is an overview of the “Base Plan”.

For the reclaimed wafer business, we will continue to make capital investments at our three plants in Japan, Taiwan, and China to increase production capacity.

For the prime wafer business, we will continue to make capital investments to increase our market share in China at 8 inches and 12 inches.

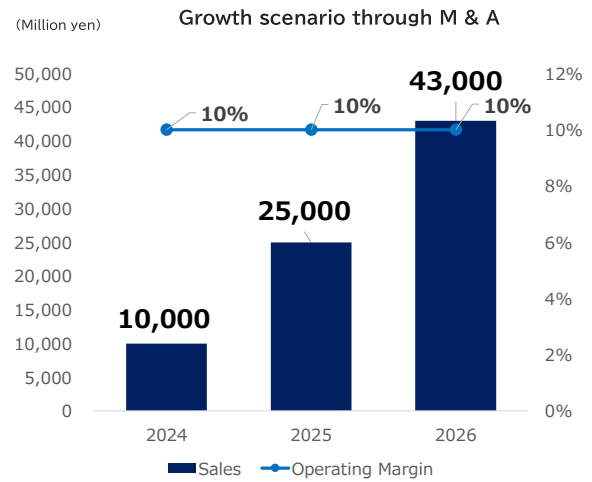
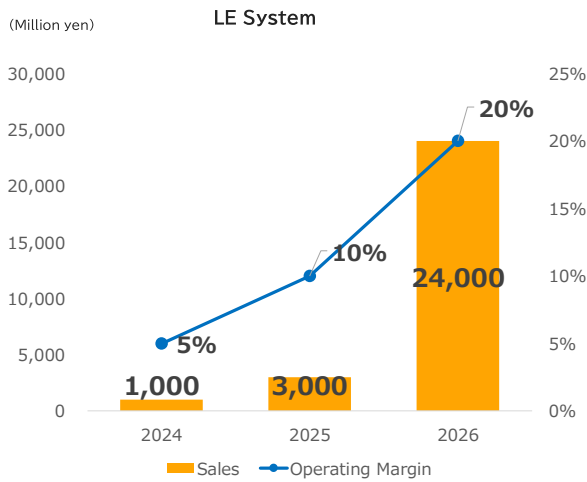
For the semiconductor equipment and materials business, we will conduct sales activities to develop new markets and attract new customers.

We aim to achieve stable growth through these measures and aim for net sales of 64.1 billion yen and net income of 8.8 billion yen in the final fiscal year ending December 2026.

Overview of the Medium-Term Management Plan (2024-2026) (Upside Plan - Target Value) 1/2



- ◆ In addition to the Base Plan, the Upside Plan, which anticipates growth through the LE system and M & A, is also set as a target value
- The LE system will expand into China, the largest market for vanadium redox flow batteries. Target sales of 24 billion yen and operating margin of 20%
- Accelerate business expansion by achieving sales of approximately 43 billion yen in 3 years through M & A



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In addition to the Base Plan which I previously explained, we have also set an “Upside Plan” that adds sales through the LE system and M & A.

The LE system aims to expand into China, the largest market for vanadium redox flow batteries, with a target of 24 billion yen in sales and an operating margin of 20% in 3 years.

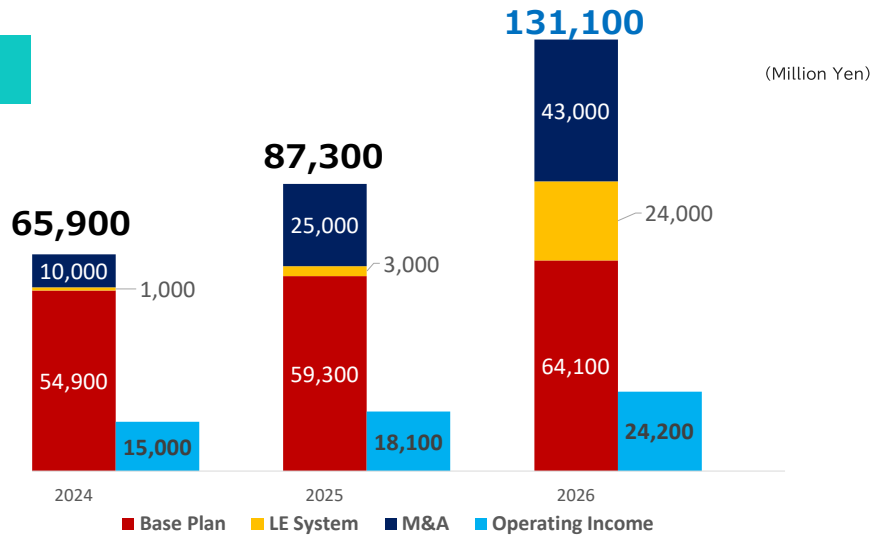
We also plan to accelerate our business expansion by executing M&A in 3 years and we are targeting 43 billion yen sales increase by M&A by 2026.

Overview of the Medium-Term Management Plan (2024-2026) (Upside Plan - Target Value) 2/2



- Set a target of approximately 130 billion yen in net sales by 2026 as the Upside Plan (Target Value)
- Promote scale expansion through LE system and M & A in 3 years of 2024-2026

Upside Plan (Target value)



The bar chart in red shows the “Base Plan”, and the yellow means sales by LE System and the color of navy shows sales by M&A. Again, the “Upside Plan” is the plan which include sales amount of LE System and potential M&A along with the “Base Plan”.

In total, we have set a target of about 130 billion yen in sales by 2026 as “Upside Plan”.

Capital Investment Plan: Reclaimed Wafer Business



- Increasing production capacity in Japan and Taiwan and mass production in Shandong Province, China, to meet strong demand
- Planning production capacity of 890,000 wafers per month by 2026 to meet its demand

Japan

Total investment **3 billion JPY**

| FY 2024 | FY 2025 | FY 2026 |
|-----------------|-----------------|-----------------|
| 200 million yen | 1.3 billion yen | 1.5 billion yen |

Expansion of production capacity for 12 inch reclaimed wafers and response to miniaturization

2024 – 2026:

Monthly production: increasing + 40,000 wafers/month

■ Monthly production capacity of 12 inch reclaimed wafers

| 2023 | 2024 | 2025 | 2026 |
|---------|---------|---------|---------|
| 310,000 | 320,000 | 340,000 | 360,000 |

Taiwan

Total investment **6 billion JPY**

| FY 2024 | FY 2025 | FY 2026 |
|---------------|-----------------|-----------------|
| 1 billion yen | 1.5 billion yen | 3.5 billion yen |

Expansion of production capacity for 12 inch reclaimed wafers and response to miniaturization

2024 – 2026:

Monthly production: increasing +70,000 wafers/month

■ Monthly production capacity of 12 inch reclaimed wafers

| 2023 | 2024 | 2025 | 2026 |
|---------|---------|---------|---------|
| 230,000 | 260,000 | 280,000 | 330,000 |

China

Total investment **6.1 billion JPY**

| FY 2024 | FY 2025 | FY 2026 |
|-----------------|---------------|---------------|
| 100 million yen | 3 billion yen | 3 billion yen |

Expansion of production capacity for 12 inch Reclaimed wafers

2024 – 2026:

Monthly production: increasing + 150,000 wafers/month

■ Monthly production capacity of 12 inch reclaimed wafers

| 2023 | 2024 | 2025 | 2026 |
|--------|--------|---------|---------|
| 50,000 | 50,000 | 150,000 | 200,000 |

I would like to explain our capital investment plan for the reclaimed wafer business.

In Japan, between 2024 and 2026,
We will invest a total of 3 billion yen to increase production capacity by 40,000 units per month by 2026.

In Taiwan, between 2024 and 2026,
We will invest a total of 6 billion yen to increase production capacity by 70,000 units per month by 2026.

In China, a total of 6.1 billion yen will be invested to increase production by 150,000 units per month by 2026.

Capital Investment Plan: Prime Wafer Business

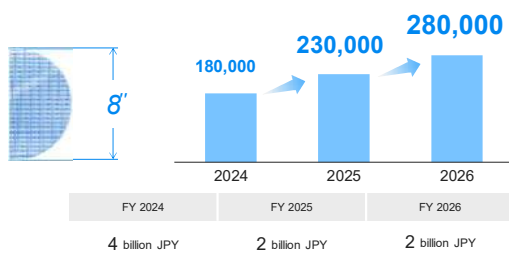


- Production of 8 inch prime wafers is expected to increase from 180,000 to 280,000 per month between 2024 and 2026.
- Production of 12 inch prime wafers is expected to increase from 60,000 to 210,000 per month between 2024 and 2026.

China 8 inch

- Aim to build a stable mass production and improve production efficiency

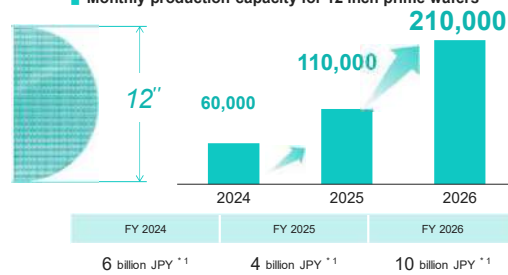
■ Monthly production capacity for 8 inch prime wafers



China 12 inch

- Increase production capacity for 12 inch prime wafers

■ Monthly production capacity for 12 inch prime wafers



*1 The 12 inch business is an investment from an equity method affiliate.

I would like to explain our capital investment plan for the prime wafer business.

With regards to investment in the 8-inch wafer business, we plan to invest 4 billion yen in 2024 and 2 billion yen each in 2025 and 2026, aiming to increase production by 100,000 wafers per month.

Regarding investment in the 12 inch wafer business, we plan to invest 6 billion yen in 2024, 4 billion yen in 2025, and 10 billion yen in 2026, aiming to increase production by 150,000 wafers per month.

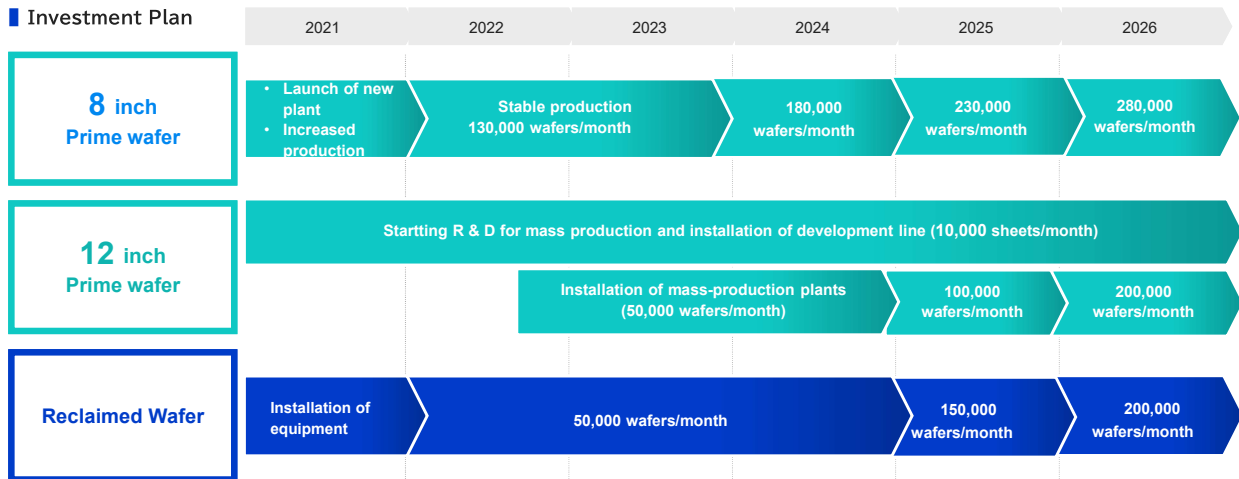
The 12 inch prime wafer business is an investment from an equity-method affiliate. We intend to make timely and accurate decisions regarding future investments in both businesses, while monitoring the situation.

China Investment Plan (Schedule)



- Increase production of 8 inch prime wafers from 130,000 to 180,000 per month
- Set up a mass production line of 12 inch prime wafers, producing 50,000 wafers per month
- Continue mass production of 50,000 reclaimed wafers per month

Investment Plan



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Our investment plan in China is proceeding as planned.

When it comes to reclaimed wafers in China, we aim to expand the mass production from 2022 to 150,000 wafers per month in 2025 and 200,000 wafers per month in 2026.

Demand for Reclaimed Wafers: **New** 12 inch semiconductor Plants

- In the global market, new 12 inch semiconductor plants are under construction in China, Europe, the United States and Japan.
- RST meets new demand for reclaimed wafers through capital investment in Japan, Taiwan and China.



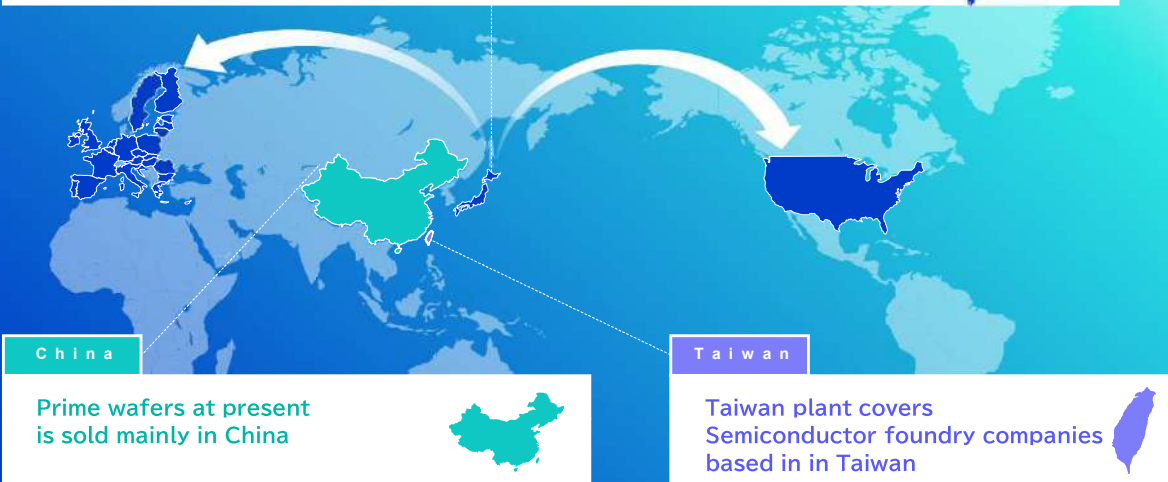
This map shows a new plant for 12 inch semiconductors based on the information currently available.

There are plans to build 9 new plant in Japan and 47 overseas.
As the demand for reclaimed wafer increase, we will make capital investments in a timely basis.

Regional strategies not to be affected by “Decoupling”

Japan, North America and Europe

Sanbongi Factory (Japan's flagship factory) covers mainly North America, Europe and Japan



China

Prime wafers at present is sold mainly in China



Taiwan

Taiwan plant covers Semiconductor foundry companies based in Taiwan

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This map shows our regional strategy.

RST has a regional strategy that is not affected by decoupling. For customers mainly in North America, Europe, and Japan, we offer reclaimed wafer through Sanbongi plant in Japan while the Taiwan plant covers customers based in Taiwan.

Prime wafers are produced in factories in China at the moment. As of now, our customers are predominantly in China.

Therefore, even if the U.S.-China trade friction deepens, the impact on our business and customers will be minimal.



New Business

LE System



04

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Now, let me talk about the LE system which started in December 2023.

New entry into the renewable energy business



- In December 2023, LE System Co., Ltd. (100% subsidiary of RST) inherited the electrolyte business for vanadium redox flow batteries (VRFB) from the former LE System

Overview of the New Company



| | |
|--------------------|---|
| Company Name | LE System Co., Ltd. |
| Establishment | October 13, 2023 (Succession date: December 2023) |
| Business | Electrolyte production of vanadium redox flow battery |
| Address | NT Building, 1-47-1 Ohi, Shinagawa-ku, Tokyo, Japan (The same office with RS Technologies, Inc.) |
| Manufacturing Base | Namie-machi, Fukushima, Japan |
| Capital | 30 million yen |
| President and CEO | Nagayoshi Ho |

- From December 2023, the former LE System business was completely succeeded.
- The key technology of the former LE System is technology originated in Japan, and it has received a lot of support including investment by INCJ, Ltd. (Public and Private Sector Fund in Japan).

Strengths of LE Systems



Established mass production process of high-quality electrolytes



Business collaboration with global battery manufacturers



Production of electrolyte with low cost through proprietary technology (more than 10 patents hold)

LE Systems is a company with technology related to storage batteries. This battery belongs to the field of vanadium redox flow batteries, and LE System manufactures its key materials.

The key technology that LE Systems owns is originated in Japan, and LE Systems used to receive a lot of support, including investment from INCJ, Inc, .

However, due to the delay in market start-up, old LE Systems needed more support. Then, RST was singled out as a company to further grow LS Systems' business. After evaluating its technology and market, we decided to join this new market.

What is Vanadium Redox Flow Battery (VRFB)?



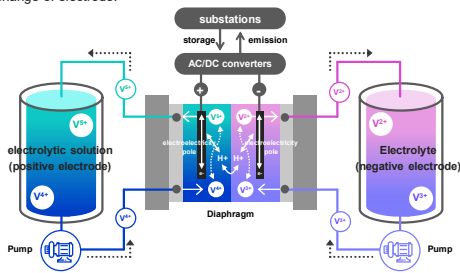
- VRFB is a battery that charges and discharges by circulating and chemically reacting vanadium electrolyte.
- LE system manufactures vanadium electrolyte for VRFB

Primary Use

Use as large-scale, large-capacity stationary storage batteries for wind and solar power generation

Mechanism

VRFB realizes charge and discharge by chemical change (redox) of electrolytic solution, while other batteries charge and discharge by chemical change of electrode.



Features

Since the number of charge and discharge is unlimited and there is no deterioration, it is possible to conduct stable operation over a long period. Moreover, it has high safety and it is well-matched with renewable energy.

| | | | | |
|---|---|---|--|--|
| High Safety nonflammable electrolytes | Easy for Expansion charge/discharge time can be designed freely | Long Life There is no limit to charge/discharge cycle | Cost Reduction Long-term operation provides cost advantage | Asynchronous Linkage renewable energy well-matched with VRFB |
|---|---|---|--|--|

VRFB is a high-capacity stationary storage battery with high safety and stable supply suitable for wind and solar power generation, etc.

Now, let me explain what vanadium redox flow battery is.

It is a battery that charges and discharges by circulating and chemically reacting vanadium electrolyte.

LE Systems manufactures and supplies this vanadium electrolyte.

This product requires high safety and stable supply.

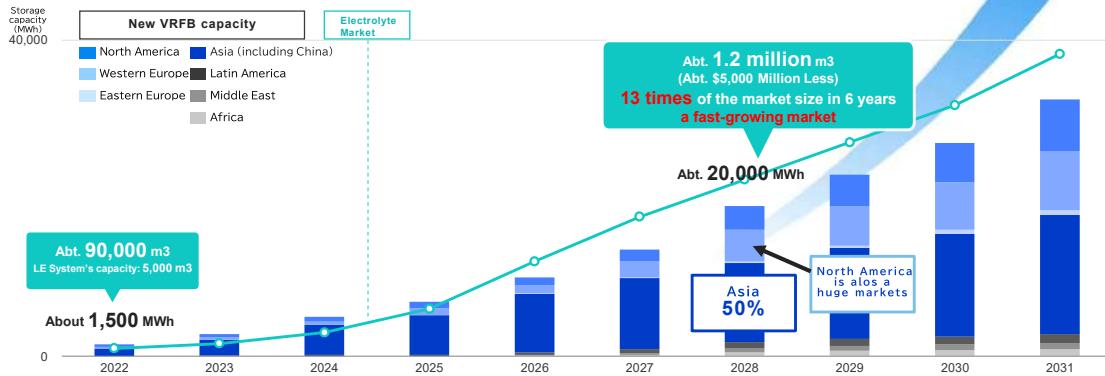
It is mainly used for large-scale, large-capacity stationary storage batteries such as wind power generation and solar power generation.

Market Size of Vanadium Redox Flow Battery (VRFB)



- The VRFB market is expected to expand more than 10 times in 2028. Demand for electrolytes is expected to increase.

New VRFB Capacity and Electrolyte Market Forecast



- LE System will take advantage of RST's overseas network (especially its strengths in Asia, including China).
- Aiming to achieve top global market share by 2028

Source: Guidehouse Insights

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Regarding the market trend of vanadium redox flow battery, the market size is expected to expand to 10 times more than the current size in 2028. In particular, as shown in the bar chart, demand in the Asian region including China is expected to expand. Taking advantage of our company's overseas network, especially, in Chinese market, we aim to gain global market share.

RST's Intent to incorporate LE system and LE System's growth strategy



- LE system, established in October 2023, manufactures electrolytes for vanadium redox flow batteries (VRFB).
- In 2024, LE Sytem began sales activities globally to expand their business .

Intent to incorporate LE System

- “Revitalization” has been a key word for RST's business growth since the establishment of RST
- LE System owns the business model which conforms to RST's "Revitalization" and is expected to grow in the future.
 - 1) Expect rapid growth in the **renewable energy** sector
 - 2) Possess technology to produce vanadium electrolyte by **recycling residues generated at oil plnats**
 - 3) Electrolyte itself can be **reclaimed**

Future Growth Strategy

- China has adopted VRFB as its national policy next to lithium-ion batteries, and China will become its largest market.
- Leverage the cost competitiveness of the LE system's proprietary technology and RST's business base in China to achieve the top share of the VRFB market in China.
- Continue to invest in Japan as a **research and development base**
- Establish a **system capable of mass production in Japan** when the need for large-capacity stationary storage batteries grows in Japan

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Finally, I would like to tell you our intention to incorporate the LE systems and our future growth strategy.

“Reclaimed”, “Renewable”, and “Revitalized” have been a key word in our company's business growth since its founding. We believe that LE Systems’ renewable energy business matches the key word that we can expect future business growth.

We will go into the large market which is China while our research and development base in Japan and aim to gain market share globally.

That concludes my presentation.
Thank you very much for your attention.